

Allocated Portfolios for Emerging Insurers

Allocated Portfolios for Emerging Insurers (APEI) is a cost effective investment solution for small emerging insurers with investable assets of \$3 million to \$10 million who are interested in outsourcing aspects of the investment management process.

- Organizational assets of approximately \$16 billion¹
- Experienced insurance managers employ a team-oriented approach
- Semi-tailored design suitable to each client’s unique investment needs
- Key consideration given to liquidity needs and risk preferences
- Emphasis on preservation of principal and stable income generation

Experienced Management



Don Miller, CFA
Portfolio Manager



Jeffrey Matthias, CFA
Portfolio Manager



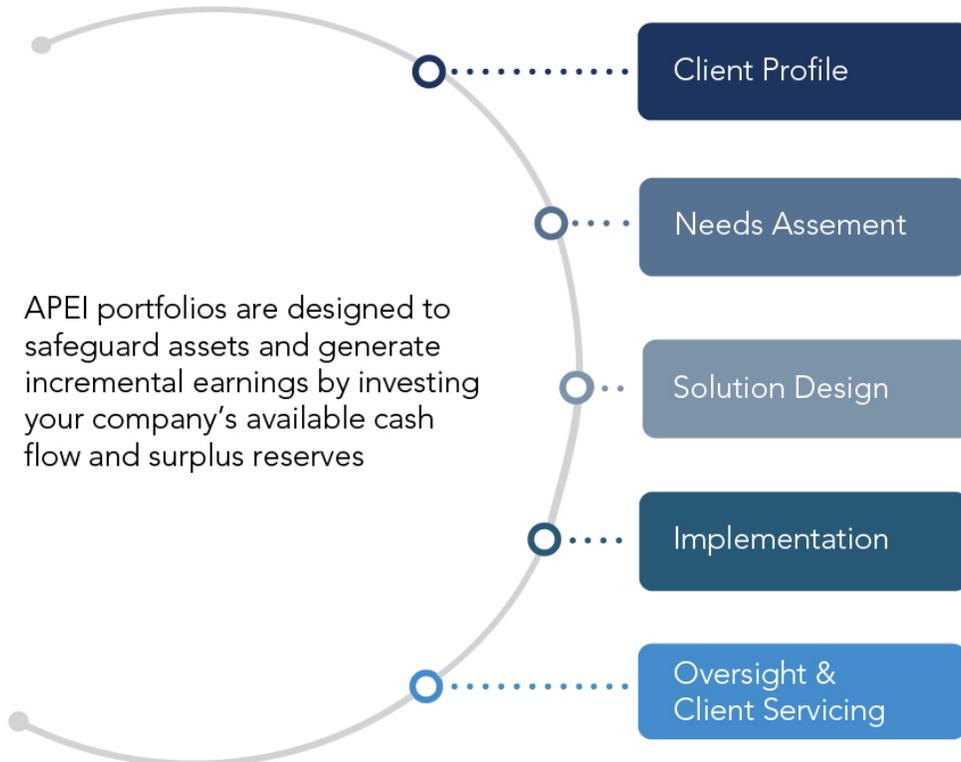
Mike Sanders, CFA
Portfolio Manager



Anjanette Fowler
Portfolio Manager



Bill Fain
Portfolio Manager



One approach does not fit all companies. An APEI portfolio provides a semi-tailored solution typically not available to small emerging insurers. In essence, you get a suitable portfolio based upon your liquidity needs, risk preferences and return requirements.

¹Gross assets under management, as of 6/30/2018, are for the consolidated Madison organization. The Madison organization consists of its holding company, Madison Investment Holdings, Inc. and its affiliates: Madison Asset Management, LLC; Madison Investment Advisors, LLC and Hansberger Growth Investors, LP.

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Investment Process

Our repeatable investment process is consistently applied across all APEI portfolios. We start by assessing client-specified investment parameters, the foundation for each unique APEI portfolio. Our investment process begins with inputting client data into our proprietary optimization model. Output from these models is evaluated and refined by our investment experts, thereby underpinning the development of portfolio strategy. Depending upon client risk/return objectives, there may be a modest allocation to equities. Equity exposure is actively monitored and periodically rebalanced to maintain adherence to the specific risk constraints.

Client fixed income portfolios are methodically constructed with an emphasis on yield maximization while maintaining an appropriate balance between creditworthiness, diversification, structure, valuation and liquidity. Individual bonds meeting specified criteria are purchased using best execution. The APEI team vigilantly monitors all bonds purchased and stands ready to transact in the event of credit deterioration or to enhance portfolio characteristics.



Madison Scottsdale

For over 25 years, Madison Scottsdale has focused solely on insurance investment management. Our veteran portfolio management team, who have a long history of managing assets for insurance companies, brings vast industry specific experience to the investment management process. Our core firm investment philosophy and process of Participate and Protect®* is focused on constructing an Enterprise Risk balance strategy that protects capital and surplus, provides stable income, and aligns with our clients goals.

*Madison's expectation is that investors will participate in market appreciation during bull markets and be protected during bear markets compared with investors in portfolios holding more speculative and volatile securities. There is no assurance that Madison's expectations will be realized.

There is no guarantee that a particular portfolio asset allocation will achieve its investment objectives.

Bonds are subject to certain risks including interest-rate risk, credit risk and inflation risk. As interest rates rise, bond prices tend to fall. Long-term bonds are more exposed to interest-rate risk than short-term bonds.

Madison Scottsdale is the insurance asset management division of Madison Investment Advisors, LLC.

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Client Types

Emerging Captives
Risk Retention Groups
Self-Insurance Groups (SIGs)
Small Traditional Insurers

Asset Classes

Fixed Income	<ul style="list-style-type: none">• Taxable Fixed Income• Tax-Exempt Fixed Income
Equity	<ul style="list-style-type: none">• Large Cap• Mid Cap• Multi Cap• Dividend Focused• International

Fixed Income Portfolio Characteristics

Maturity:	Client selects maximum maturity of either 5 or 10 years
Sectors:	Client specifies eligible sectors (e.g. governments, corporates, municipals, structured securities)
Quality:	Typically 100% investment grade
Positions:	Typically 25 to 40 issues (5% maximum per issuer)